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SUBJECT: NUCLEAR NON-PROLIFERATION: BRAZIL MAY SOFTEN ON IAEA
INTERVIEW REQUEST, BUT ADDITIONAL PROTOCOL NOT LIKELY

Classified By: Deputy Chief of Mission Lisa Kubiske, Reasons 1.4 (b)
and (d)

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¶1. (C) SUMMARY. It appears that an internal turf battle between Brazil's Defense and External Relations Ministries led to Defense Minister Nelson Jobim's refusal to cooperate with the IAEA's request to interview a Brazilian scientist over his book on nuclear weapons. Minister Jobim now recognizes that refusing IAEA access to Brazilian personnel and facilities risks creating an impression that the Government of Brazil (GOB) does not support global non-proliferation goals, and has expressed a willingness to find a way forward on the book matter.

¶2. (C) The idea of Brazil signing an International Atomic Energy Agency (IAEA) Additional Protocol is dead for now, according to Ministry of Exterior Relations (MRE) officials. President Luiz Inacio Lula da Silva's administration has always been a reluctant supporter of existing non-proliferation measures and remains wary of new ones. Defense Minister Jobim has now emerged as the strongest voice in defense of Brazil's traditional opposition to an Additional Protocol. The environment is unlikely to change until a new president enters office in 2011. See para 9 for Embassy suggestions on how to lay the groundwork bilaterally and multilaterally for the incoming Brazilian government to engage in a constructive way on non-proliferation. An upcoming visit to Washington by Minister Jobim, scheduled for May 22, presents an excellent opportunity for high-level engagement with this key player. Furthermore, an informal visit by a few high-level USG non-proliferation officials in the near term could be helpful to increase our understanding of Brazilian views and lay the foundation for future advances on non-proliferation. END SUMMARY.

OBSTACLES TO A GOOD IDEA

¶3. (C) The proposal for Brazil to sign an IAEA Additional Protocol has been rejected by the Brazilian Government. President Lula made that decision based on advice from Defense Minister Jobim, MRE's Director of the Division for Disarmament and Sensitive Technologies, Minister Santiago Mourao (strictly protect) told Post's Environment, Science and Technology, and Health (ESTH) Counselor at a meeting on April 24. Mourao acknowledged the recent conversation between President Obama and President Lula on nuclear non-proliferation, but this has not caused Brazil to alter its position. In a meeting with Ambassador Sobel May 8, MRE Under Secretary for Political Affairs Vera Machado confirmed that Brazil is not open to discussion on

signing an Additional Protocol, citing language in the December 2008 National Defense Strategy prepared by the Ministry of Defense.

¶4. (C) The Lula Administration has been a reluctant supporter of existing non-proliferation measures and remains wary of new ones. In his initial campaign for the Presidency, Lula stated that if he had been President he would not have signed the Non-Proliferation Treaty. Defense Minister Jobim has now emerged as the strongest defender of Brazil's tradition opposition to an Additional Protocol. According to Mourao, there are other (unnamed) supporters of this position, as well, both within the Presidency and MRE. Mourao has been the strongest proponent of signing, but now says that he will back off. He joked, "I would deserve your Medal of Honor if I were to raise the issue again" in the current environment. In 2008, Mourao and representatives of other Brazilian nuclear technical bodies had concluded that there was no technical obstacle to Brazil signing and complying with an Additional Protocol (REFTEL D). In February 2009, Othon Pinheiro, the Director-President of Eletrobras Termonuclear S.A., had floated his personal idea -- one that had not been raised elsewhere within the government -- of an alternative inspection arrangement that fell short of an Additional Protocol (REFTEL B), which Washington rejected as an unacceptable substitute (REFTEL C).

¶5. (C) The Defense Ministry's resistance stems from concerns about possible inspections of the Navy's enrichment facility in Aramar, State of Rio de Janeiro, and of the propulsion unit for a planned nuclear powered submarine. Minister Jobim pointed to these concerns in a press interview in Gazeta Mercantil in March. Pinheiro, a former admiral, also acknowledged the military's sensitivity to outside inspections. (COMMENT: Post has long noticed a sharp contrast between the openness of the civilian nuclear energy sector

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and the research and enrichment work of the Brazilian military. END COMMENT.)

¶6. (C) An internal turf battle over who has the lead in determining Brazil's stance on multilateral nuclear obligations appears to underlie Minister Jobim's decision to block efforts by the IAEA to meet with a Brazilian researcher (Dalton Barrosa), who wrote a doctoral thesis and a book relating to nuclear weapons (REFTEL B). The turf battle arose because MRE had seemed prepared -- without prior consultation with the Defense Ministry -- to allow IAEA officials to interview a Defense Ministry scientist. Jobim told Ambassador Sobel on May 3 that he would not let MRE speak for the Defense Ministry. Nonetheless, Jobim told the Ambassador that he is aware that the Brazilian decision has now generated controversy and undermined Brazil's standing as a supporter of non-proliferation standards. He is now looking for a way to cooperate with the IAEA that does not undermine what he views as his authority on nuclear issues.

¶7. (C) COMMENT. Although MRE insists that it has the lead on Additional Protocol issues and that the Defense Ministry does not play, it is our view that, after President Lula, Minister Jobim has the most clout on nuclear issues. As a result, although he will not agree with us on all aspects of the nuclear issues, he is the principal GOB player we need to engage. Minister Jobim's May 22 visit to Washington provides an excellent opportunity to make progress toward a satisfactory resolution of the book matter. Post encourages meetings with him at the highest levels, in which this issue, as well as the importance of the universal application of an Additional Protocol, are raised with him in a non-confrontational manner. END COMMENT.

POSSIBLE NEXT STEPS FORWARD

¶8. (C) With under 20 months remaining, the Lula Administration appears unlikely to reconsider the issue of an Additional Protocol. Post believes that direct pressure to do so would not be successful and could be counterproductive as the government might react even more strongly, making it difficult for the incoming government to walk back a hardline position. As Under Secretary Machado indicated, the National Defense Strategy has language that can be read to mean Brazil won't accept an Additional Protocol or other inspection regimes while the nuclear weapon states have not made substantial

progress in disarming. However, Brazil was very late to the party on joining the Non-Proliferation Treaty, but eventually did so. We can envision a similar pattern taking place with the Additional Protocol.

As a matter of policy, Brazil wants to uphold all international obligations, particularly those from the United Nations. This leaves the Brazilians in a difficult position balancing support for non-proliferation standards with a strong domestic political constituency that believes Brazil's nuclear program should be free of any outside oversight, as articulated in the National Defense Strategy.

19. (C) Post offers the following three-prong approach for laying the groundwork for Brazil's eventual acceptance of an Additional Protocol. The goal would be to look toward the new Brazilian administration taking up the issue when it comes to power in 2011.

- BILATERALLY. Post suggests that the USG directly and through friends and allies educate Brazilians likely to play key roles in the new government about the non-proliferation regime, how an Additional Protocol works, and how it does not impose an unacceptable burden on a country's nuclear program. These Brazilians would include likely presidential candidates Governor Jose Serra and Civilian Household (Prime) Minister Dilma Rousseff and their likely foreign affairs advisors (Sergio Amaral for Serra and Luciano Coutinhos, President of BNDES, in the Presidency). Also, leaders in the civilian nuclear field, such as Pinheiro, key officials at the National Commission on Nuclear Energy (CNEN), the General Institutional Security (GSI), and the electric and nuclear energy companies (Electrobras, Electronuclear, and Industrias Nucleares Brasileiras). Moreover, Navy and other Defense Ministry officials who are willing should be provided with opportunities to see how inspections are carried out elsewhere, so as to reduce their concerns about excessive intrusiveness. Finally, legislators, journalists, and NGOs could be briefed and/or brought to the United States to learn about the Additional Protocol. This educational campaign would need to disarm the concerns about an Additional Protocol posing a real threat to national security and to create a more positive view on an Additional

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Protocol.

- An informal visit by a few senior USG non-proliferation officials could be helpful to keep a dialogue on non-proliferation going. This would avoid having the current differences with the Lula Administration over the Additional Protocol and the release of Barrosa's book (and the subsequent denial of permission for an IAEA team to interview him) undercut the rest of our non-proliferation agenda. According to MRE Under Secretary Vera Machado, the GOB is close to internal agreement on language that would allow Brazil to agree on using the Argentine-Brazilian Agency for Accounting and Control of Nuclear Materials (ABACC) to meet requirements in the Nuclear Suppliers Group. She thought this would be finalized in the latter half of June, making July a good date for a team to visit. If such a team comes to Brazil we suggest that they meet with Civilian Household (Prime) Minister Dilma Rousseff, Defense Minister Jobim, Minister of Mines and Energy Edson Lobao, Minister of Science and Technology Sergio Resende, National Security Advisor Marco Aurelio Garcia, and MRE Under Secretaries for Political Affairs Machado and for Energy Andre Amado.

- MULTILATERALLY. Brazil does not like to be isolated internationally. This is one of the most powerful reasons why it eventually joined the NPT. The greater the number of other countries that sign an Additional Protocol and multilateral bodies that endorse it, the greater the pressure on Brazil. Furthermore, the more the IAEA, the UN General Assembly and other multilateral bodies speak positively towards universal use of Additional Protocols, the more likely that Brazil will eventually come around.

- ARGENTINA. Argentina will play a pivotal role in moving Brazil forward, and any USG team that visits Brazil to discuss this issue should visit Argentina afterward. Currently, Argentina has not pushed Brazil very hard on signing an Additional Protocol, and we should encourage it to do so. Argentina has accepted the view that, because both Brazil and Argentina concluded their Quadpartite Agreement with the IAEA in 1997 under the umbrella of the 1991 the

Argentine-Brazilian Agency for Accounting and Control of Nuclear Materials (ABACC), Argentina cannot agree to an Additional Protocol without Brazil doing so too. If a way could be found for Argentina to sign an Additional Protocol without Brazil having to do so, it would place enormous pressure on Brazil to follow suit.

SOBEL